Sales & Use Tax - Telephone/Telecommunications

Is Colorado state sales tax charged on telephone and telecommunication services?

Colorado does not have a specific telecommunications tax. However, state sales tax imposed by Colorado applies to intrastate telephone and telegraph services whether provided by public, private, mutual, cooperative, or governmental agencies. The state sales tax applies to intrastate long distance calls. This means any call originating and terminating in Colorado regardless of the physical routing of the signal.

Taxable telephone service includes local calls, toll calls and telegrams. Cities and counties that are home-rule (responsible for the collection of their taxes) may impose a local tax as well.

Leasing: If equipment lease charges are separated from telephone or telegraph service charges, they are subject to state sales tax. If the term of the lease is three-years or less, then the lessor can opt to pay the tax on the purchase price and collect sales tax on the lease charges to the customer. If the lease is more than 36 months, the tax must be charged on the lease charges to the customer.

Installation charges: The state sales tax would be imposed on a contractor's purchase of items built into real property, where the contractor makes a lump sum charge for all materials and labor for installation. When a flat charge is made for installation to all customers, there is no sales tax and the installer pays the tax on their cost of materials used. However, if for the installation the labor hours charged and materials used are stated separately, the material is taxable.

See Regulation 39-26-104.1(c)(I) Telephone/Telegraph and Mobile Communication Services

See also Mobile Telecommunications